



Corporate culture as a foundation for successful knowledge management

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Contents

[Introduction](#)

[Defining corporate culture](#)

[Why is corporate culture often overlooked?](#)

[Culture shaping factors](#)

[Types of corporate culture](#)

[Culture creation and determination](#)

[Having a supportive culture for knowledge management](#)

[Conclusion](#)

[References](#)

1. Introduction

The type of culture existing in an enterprise is crucial to the success of knowledge management. Davenport and Prusak (1998:1) highlight that, as enterprises interact with their environments, they absorb information, turn it into knowledge and take action based on it in combination with their experiences, values and internal rules. Each enterprise's specific beliefs, values and norms create a unique culture with identifiable manifestations. This emphasizes the embedded importance of the corporate culture in the success of knowledge management within an enterprise. Enterprises that are serious about knowledge foster an environment and culture that support continuous learning.

In this article, the importance of corporate culture in the establishment of a knowledge management programme is discussed.

[_top](#)

2. Defining corporate culture

Corporate culture has been a focus area of research since the late eighties, especially when

linked to enterprise performance. There are various definitions for the concept 'corporate culture', some being vague and others more precise.

According to Rao and Swaminathan (1995:3), from an anthropological viewpoint culture refers to the values and beliefs shared by members in a society and includes patterns of behaving, feeling and reacting, and the premises underlying behaviour. In other words, culture consists of man-made aspects of an environment.

According to Donnelly *et al.* (1992:518) organizational culture refers to the impact on the environment resulting from group norms, values, philosophy, and informal activities. What this definition implies is that corporate culture is similar to culture in society as it has norms, values, beliefs and patterns of behaviour. The definition also highlights that values and norms create culture. One can therefore say that culture is to society or an enterprise what personality is to the individual.

Corporate culture is the pattern of shared and stable beliefs and values that are developed within a company across time (Gordon and Ditomaso, 1992:784). This definition brings the time factor into the picture. In other words, the longer an enterprise is in existence, the more developed its culture will be. One can also conclude that the more developed the corporate culture is, the more difficult it will be to change or influence the culture.

Van der Erve (1994:9) reviewed many definitions of corporate culture and summarized it as follows: 'Culture is the shared values and behaviour that knit a community together. It is the rules of the game: the unseen meaning between the line in the rulebook that assures unity'. This implies that culture maintains order and regularity in the lives of community members and only assumes importance in people's minds when it is threatened or disturbed.

Kotter and Heskett (1992:4) have found it helpful to think of organizational culture as having two levels that differ in terms of visibility and their resistance to change. At the deeper and less visible level, culture refers to the values that are shared by the people in a group and that tend to persist over time even when group membership changes. At this level, culture can be extremely difficult to change, partly because group members are often unaware of many of the values that bind them together.

At the more visible level, culture presents the behaviour patterns or style of an enterprise that new employees are automatically encouraged to follow by their fellow employees. Culture, at this level, is still tough to change, but not nearly as difficult as at the level of basic values. Each level of culture has a natural tendency to influence another.

Most authors agree that enterprise culture has to do with shared values in a group and Donnelly *et al.* (1992:519) points out that a certain culture in an enterprise is prompted by its reaction to the external environment. According to Van der Erve (1994:12), culture is also a dynamic system and can be divided into two subsystems: the driving sphere and the consolidating sphere. The driving sphere may cause a new wave of interactions, which eventually affects all elements in the cultural system, and vision is its triggering element. The consolidating sphere, however, focuses on reproduction or achievement. When success is achieved, rules are selected to perpetuate success by the attitudes and actions they bring.

[_top](#)

3. Why is corporate culture often overlooked?

Sherriton and Stern (1997:25) put the following as reasons why managers overlook corporate culture:

- Managers tend not to think about culture, whether personal or corporate, because culture is deeply rooted. The patterns of values, behaviours and beliefs are so internalized that their actions become automatic and unconscious.
- The components of culture are hard to grab because they are intangible. If employees are asked to describe their corporate culture, they will give diverse responses because people select different dimensions that are important to them.
- People notice culture acutely only when faced by changes from or differences in what they are used to. In fact, people expect others to have a culture similar to their own. For example, if one works in one enterprise for any length of time and then moves to another enterprise, or if an enterprise undergoes a merger, employee sensitivities become heightened about the distinctions. What was taken for granted becomes acutely noticed.
- Considering the anthropological roots, most people consider corporate culture as given and unchangeable. The result is that corporate culture remains overlooked.

The implementation of a knowledge management programme within an enterprise is an example where culture is usually not being addressed. Although implementation of a new process/initiative in an enterprise may heighten the awareness of the existing culture, it does not often stimulate action in addressing the culture (Sherriton and Stern 1997:26). Corporate culture often becomes the missing link that could ensure successful innovative efforts within a business.

[_top](#)

4. **Culture shaping factors**

Although each enterprise's special blend of elements develop a unique culture, a comparison of many enterprises identifies seven culture shaping factors (Plunkett and Attner, 1994:265):

- Key business processes
- Employees and other tangible assets
- Formal arrangements
- The dominant coalition
- The social system
- Technology
- The external environment.

Each of these factors is in itself a complex concept and none is independent of the others. Their dynamic interaction shapes the corporate culture.

- **Key business processes:** At the core and fundamental to every enterprise are the processes employees follow to gather information, make decisions, communicate, produce a product or service and manage work flow. The enterprise is defined by how leaders communicate to employees, how they share decision making and how they structure the flow of work. The business processes affect and are affected by the other six factors that influence corporate culture.
- **Employees and other tangible assets:** An enterprise's resources, like employee population, plant and offices, equipment, tools, land, inventory and money, are used by the enterprise to carry out its activities. These are the most visible and complex of the factors that influence culture because their quality and quantity determine much of the enterprise's culture and performance.
- **Formal arrangements:** The formal arrangements that organize tasks and individuals

constitute another factor that affects corporate culture. These arrangements include the structure of the enterprise and its procedures, rules and specific mandated behaviours.

- **The dominant coalition:** An enterprise's culture is intensely impacted by the goals, objectives, strategies, personal characteristics and interrelationships of its leaders, who form the dominant coalition. The leadership style of the enterprise leaders determines how employees are treated and how they feel about themselves and their work.
- **The social system:** The social system contributes norms and values to the corporate culture. Components like employee relationships, the grapevine and the informal organization are also parts of the social system. Because people are the enterprise, their relationships define the enterprise's character.
- **Technology:** The principal technological processes and equipment that employees use also affect corporate culture. For example, the utilization of technology plays a role. The question to ask regarding technology is: Is a machine or process intended to replace human labour or enable employees to enhance their skills and productivity? The answer to this question sends a message about the value of employees in the enterprise.
- **The external environment:** An enterprise's external environment includes forces outside its boundaries that interact directly and indirectly with it (Bittel 1989:31-33). These forces might be suppliers, markets, competitors, regulators, organized labour and other elements outside an enterprise. These forces affect the goals, resources and processes of an enterprise. Clearly these elements shape the enterprise's culture in many ways. For example, government regulation can have a profound effect on corporate culture as it normally protects the enterprise from competition.

[_top](#)

5. Types of a corporate culture

An enterprise's culture is nurtured and becomes apparent to its members in various ways. Some aspects of culture are explicit, some are inferred. Rue and Byars (1992:439) highlight that culture has two basic components:

- **Substance** - the meanings contained in its values, norms and beliefs
- **Form** - the practice whereby these meanings are expressed, affirmed and communicated to members.

Enterprises express their culture through statements of principle, stories, slogans, heroes, ceremonies, symbols, climate and the physical environment.

No matter what kind of culture exists within an enterprise, it is a shared reality. When one enters an enterprise as employee, one crosses the cultural barriers within an enterprise and becomes acculturated. Every enterprise has its own unique culture or value set. Most enterprises do not consciously try to create a particular culture. The corporate culture is created unconsciously, based on the values of the top management or founders of an enterprise.

The Hofstede Cultural Orientation Model classifies cultures based on where they fall on five continuums (Auxillium West 1999). These continuums are:

- **Individual versus collective orientation:** The level at which behaviour is appropriately

regulated.

- Power-distance orientation: The extent to which less powerful parties accept the existing distribution of power and the degree to which adherence to formal channels is maintained.
- Uncertainty-avoidance orientation: The degree to which employees are threatened by ambiguity, and the relative importance to employees of rules, long-term employment and steady progression through well defined career ladders.
- Dominant-values orientation: The nature of the domain values, for example, assertiveness, monetary focus, well-defined gender roles, formal structure versus concern for others, focus on quality of relationships and job satisfaction, and flexibility.
- Short-term versus long-term orientation: The time frame used: short-term (involving more inclination toward consumption, saving face by keeping up) versus long-term (involving preserving status-based relationships, thrift, deferred gratification).

One has to realize that corporate cultures are not 'one-size-fits-all'; the effectiveness of a given culture depends on the enterprise's business goals. According to Goffee (1998:14) there is no right culture. He emphasizes that culture is appropriate only in terms of what you are trying to do in the business. One must think carefully about the kind of culture that is wanted or needed. The process of finding the culture that best fits a business is long and difficult, and often that culture can only be developed through trial and error (Duffy 1999:6).

Handy (1985:188-196) points to four types of culture. The main characteristics of each type are given in Table 1.

Table 1: Culture types (Handy 1985:196)

Culture type	Characteristics
The Power Culture	<ul style="list-style-type: none">❑ Depends on centralized power source❑ Emphasis on individual rather than team decision making❑ Has few rules and procedures - little bureaucracy❑ Essentially autocratic and suppressive of challenge❑ Moves quickly to threat, danger and opportunity❑ For effectiveness depends on telepathy❑ Knowledge management is seen as someone else's problem
The Role Culture	<ul style="list-style-type: none">❑ Bureaucratic - its strength lies in defined functions and specialism❑ Emphasis on formal procedures, written rules and regulations❑ Job descriptions more important than the people who do it - the job description is evaluated, not the person❑ Role requirements and boundaries of authority clearly defined❑ Will fix and departmentalize knowledge management operations
The Task Culture	<ul style="list-style-type: none">❑ Job or project orientated❑ Emphasis on team commitment and enthusiasm❑ Influence is based more on expertise than on position❑

- Flexibility and high levels of worker autonomy
- Knowledge management in this culture is important

The Person Culture

- The individual is the central point
- Emphasis on egalitarianism (equality)
- Exists and functions solely to nurture the personal growth and development of its individual members
- More often found in small enterprises such as lawyer partnerships
- Knowledge management crucial for survival of business

[top](#)

6. Culture creation and determination

The efforts of business leaders and employees create culture. Some efforts are intentional when a business deliberately sets out to install certain values. In other cases, culture simply emerges from a pattern of behaviours that are not consciously planned.

Role of leadership

Leadership at all levels in an enterprise helps develop the culture. For instance, supervisors manage the resources, set the tone and control the means to influence the business results. According to Plunkett and Attner (1994:271), leadership helps create culture by:

- Identifying underlying values
- Clearly defining the enterprise's mission and goals
- Determining the amount of individual autonomy and the degree to which people work separately or in groups
- Structuring work to achieve goals in accordance with the business values
- Developing reward systems that reinforce values and goals
- Creating methods of socialization that will bring new workers inside the culture and reinforce the culture for existing employees.

Leadership within an enterprise needs to actively develop and nurture ways of passing the culture along in order to be certain that employees will adopt it. Robbins (1991:72) mentions that corporate culture significantly affects business leaders and indeed, all employees by determining to a large degree how business leaders perceive events and how they will respond. For example, in a culture that values customer service, most problems will be defined in terms of how they affect the customers. More importantly, perhaps, problems that have nothing to do with customer service will be overlooked because they involve issues that are not valued and will simply go unnoticed.

Role of employees

Employees contribute to corporate culture to the extent that they accept and adopt the culture. The training employees receive after being hired clearly assists in how well they get socialized. Employees also contribute to the culture by helping to shape the values the enterprise embodies. For instance, employees who avoid the tasks at hand and influence newcomers to do the same have a significant effect on quality, regardless of what leaders may say about quality as a value. On the other hand, employees who assist each other to

meet a deadline create a feeling of teamwork that exists regardless of the leader's decisions about structuring work.

Employees also play a role in influencing corporate culture by forming subcultures. Subcultures are units within an enterprise that are based on the shared values, norms and beliefs of their members (Plunkett and Attner 1994:272). The values of the subculture may or may not complement those of the dominant corporate culture. Because subcultures influence their members' behaviour, they are important factors for business leaders to consider. If a subculture's values and norms conflict with those of the dominant culture, business leaders must take action.

Determining corporate culture

Rue and Byars (1992:10) mentions that the overall picture of the corporate culture is formed by appraising an enterprise on each of the following seven characteristics:

- Individual autonomy: The degree of responsibility, independence and opportunities for exercising initiative that individuals in an enterprise have
- Structure: Extent of regulatory measures and supervision used to control and direct employees
- Support: Degree of support, consideration and warmth experienced by the employees
- Identification: Degree to which employees identify themselves with the enterprise as a whole, rather than with their particular work group or field of professional expertise
- Performance and reward: Degree to which rewards are directly linked to performance
- Conflict tolerance: Degree of conflict tolerance and willingness to be open and honest about differences
- Risk tolerance: Degree to which employees are encouraged to be aggressive, innovative and risk seeking.

In developing and reinforcing their culture, many enterprises have emphasized one or more of these seven characteristics.

[_top](#)

7. Having a supportive culture for knowledge management

Culture, which is mainly shaped by people, is a basic building block to knowledge management and is a powerful force. It must be considered when introducing a knowledge management programme because it affects how the enterprise accepts and fosters that programme. The ultimate success of knowledge management depends on a supportive culture. If knowledge management is to be an integrated aspect of how work gets done in an enterprise, it must become an integrated aspect of the culture.

Usually new programmes are overlaid onto the culture, that is, typically introduced and added onto the existing culture, instead of being integrated into it. In other words, the culture is neither examined nor altered as to its 'fit'. The beliefs, values, systems, policies and management styles in place within the culture will work against the knowledge management overlay.

If the culture does not support knowledge management, obstacles continue to appear and eventually derail its success. Employees within the enterprise may continue to attend knowledge management and sharing workshops, only to return to a non-supportive culture. Because of the lack of results, the enterprise rationalizes that 'knowledge management does not work.' In the past this lack of attention to the culture or to a strategy for creating a

supportive culture worked for South African enterprises. This was because enterprises had very little competition and emphasis was more on profit making and increased production. There was no real need to create an ongoing supportive infrastructure and culture for business success.

Today, however, enterprises have realized the need to manage knowledge and information as a critical way of accomplishing sustained business advantage. Enterprises are restructuring and continually implementing programmes that will ensure business success. However, the mistake they make is that the changes are just being overlaid onto the culture. Introducing a formalized knowledge management programme within an enterprise, like any other adjustment, requires a culture that supports and nurtures the programme.

If enterprises are to be successful in managing their knowledge, there needs to be consistency in support and a reduction of obstacles. This does not imply that the knowledge culture will be the same in all enterprises embarking on knowledge management. There should be an assessment of the existing culture and a need for an enlightened and conscious decision to make the necessary changes to the culture for the knowledge management programme to succeed. People and culture can be viewed as primary enablers to the success of knowledge management. The two are very closely related since people are a critical element in the organizational culture, as culture is about the values, beliefs, norms and behaviours that people have in the enterprise. People play a very crucial role in creating the right culture for knowledge management. They have the knowledge in their heads and should be encouraged to share their knowledge with others by making their knowledge explicit.

Knowledge management, like any programme in an enterprise, also requires leadership commitment to create an environment within which people are able to share knowledge and are allowed assimilating as well as practicing the knowledge gained.

This cannot be better emphasized than in the way Saint-Onge (1996:13) puts it: 'In the beginning, an enterprise's culture acts [as] a powerful filter on its perceptions of the business environment and, thus, contributes to the shape of the business strategies that are adopted. Later, when specific strategies are in place, they cannot be successfully implemented if the culture does not shape the enterprise's behaviour in ways that are congruent to these strategies.'

[_top](#)

8. Conclusion

Effective knowledge management requires creating a supportive, collaborative culture and eliminating traditional rivalries. This may mean painfully 'unlearning' long-entrenched lessons for some employees.

Although very little has been written on knowledge and culture, the point is clear with regard to revitalizing enterprises through knowledge management. An enterprise cannot succeed in the attempt to formalize knowledge management unless it attaches the critical missing link, corporate culture, to the change effort. Therefore, enterprise leaders should not ignore corporate culture. Rather, it should be addressed in the enterprise's mission, vision and goal statements as well as emphasized in enterprise-sponsored training and enterprise communication in order to ensure successful implementation of knowledge management.

Propagating a holistic and integrated approach to establishing a knowledge management programme entails understanding the importance and benefits of managing knowledge for the enterprise as well as the role of corporate culture in the success of knowledge

management. This has a number of implications for the knowledge management leader trying to establish a knowledge management programme or ensuring that knowledge is managed properly for sustainability of the business.

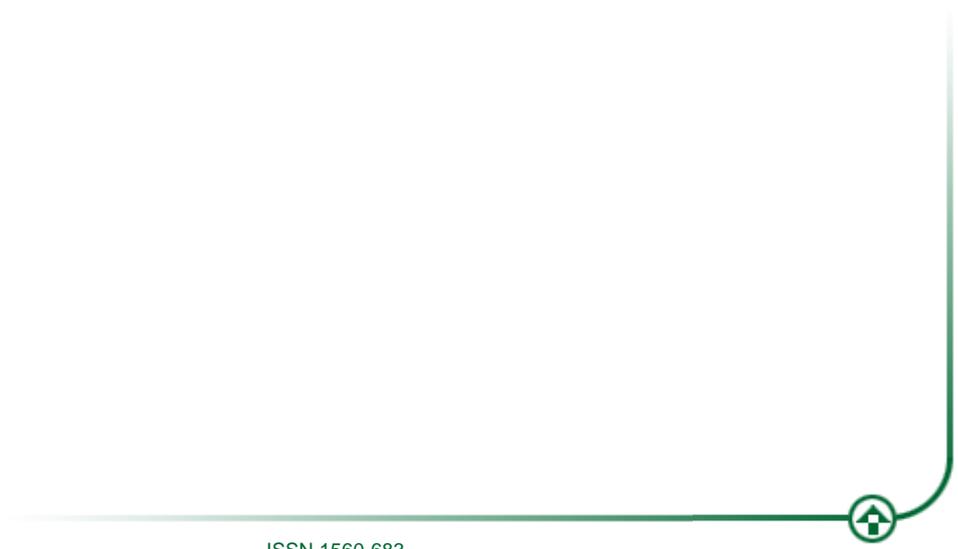
[_top](#)

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